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Why political settlements matter: negotiating inclusion in processes of institutional transformation

Jan Pospisil and Alina Rocha Menocal

This special issue of the *Journal of International Development* focuses on political settlements and processes of inclusive institutional transformation. Political settlements have emerged as a central concept in international development from the growing recognition that the challenges of development are not simply technical but also deeply political in nature, and that institutions – and the politics and power dynamics that lie behind them – matter (di John and Putzel, 2009; Bell, 2015; Rocha Menocal, 2015). This has become particularly important as international development organisations seek to foster more resilient and peaceful states and societies that are anchored in inclusive institutions (see, for example, Parks and Cole, 2010; AusAid, 2011; Brown and Grävingholt, 2011; World Bank, 2011; Evans, 2012; United Nations – Sustainable Development Knowledge Platform, 2015; World Bank 2017). We hope the insights derived from the different contributions in this volume will help to elucidate some of the connections between political settlements and prospects for (progressive) change, and to inform and influence ongoing thinking and policy on how processes of transformation can be more effectively supported.

What are political settlements, and how can political settlements – and, in turn, political unsettlements – help to better understand processes of state formation, evolving state-society relations, patterns of inclusion and exclusion, and prospects for political, social and economic transformation? How can a political settlements approach enable international actors to engage more effectively in efforts to foster more peaceful, resilient, and inclusive states?

These are some of the questions that this special issue of *JID* seeks to address through a multi-disciplinary perspective, with articles coming from international development studies, comparative politics, international relations, law, sociology and economics. The articles in this issue engage with the notion of political settlements in different ways, but they all share a particular focus on dissecting underlying politics, power and institutional dynamics, and how these influence trajectories of change and who gets included in the political settlement and on what terms – either from a conceptual angle or empirically, based on case studies. The contributions included here also critically scrutinise and challenge some of the ways in which the ‘political settlements’ concept has come to be used in international development circles. In this way, this special issue will enrich – or so we hope – understandings of what a political settlements approach can contribute to academic and policy debates on inclusive institutions, as well as reflect on some of the blind spots in current international development thinking and practice on political settlements.

What are political settlements?

Much of the political settlement literature struggles with the integrity of ‘political settlements’ as a concept. Although there are numerous definitions (cf. Laws, 2012: 6-7), questions remain about what exactly is framed by a ‘political settlements’ approach, what its analytical contributions might be, and in what ways such an approach can indeed help inform more effective approaches to international efforts to foster more resilient and inclusive states and societies.

The notion of ‘political settlements’ has entered the international development orbit relatively recently. Building on ongoing efforts to better understand contextual realities and politics (see e.g. TWP CoP, 2015), political settlements analysis constitutes an attempt to move beyond assumptions

embedded in the 'good governance' agenda about how change happens and assess instead whether and how the underlying distribution of power in states and societies is compatible with different efforts to promote reform. In this way, political settlements thinking has injected needed clarity into debates about power and inclusion among international development actors. However, as different articles in this special issue show, the political settlements concept has remained relatively isolated in development discourse. It tends to be seen as a governance concern, with limited cross-fertilisation with other overlapping fields, most notably gender (O'Rourke, this volume), but also more traditional sectors (such as health and education, where work in this area is just beginning – see Kelsall et al, 2016).

Yet, despite important limitations, the political settlements approach draws on a rich and diverse tradition in the social sciences on processes of state formation and political, social and economic transformation – even if the political settlements terminology has not always been used explicitly (see Rocha Menocal, 2015). This includes, for example, scholarly work in sociology and political science dating back to the 1980s and 1990s on the state as an instrument or arena of contestation among powerful groups within state *and* society (e.g. Evans et al, 1985; Migdal, 1988; Yashar, 1997). More recently, research by scholars like North, Wallis and Weingast (2012) and Khan (2010, among others) have helped to highlight that power dynamics between different elites and the nature of the underlying political settlement shape the way in which governance works in a particular setting.

By most accounts, there is increasing consensus in international policy circles that political settlements constitute a common, if hard fought-for, understanding or series of tacit and more explicit agreements, usually among elites, about the distribution of power and resources and the nature of the linkages between state and society so as to make politics less deadly (Rocha Menocal, this volume). Crucially, the 'rules of the game' that underpin political settlements incorporate both formal and informal institutions and arrangements. The interaction between formal and informal institutions is a decisive factor for understanding the nature and quality of governance at different levels and the complex (de Coning, 2016) and hybrid (MacGinty, 2011) realities on the ground. A critical implication from all this work is that simply focusing in the development and capacity of formal institutions is far from sufficient to bring about change (Khan, 2010).

Political Settlements in international development: some blind spots

As currently interpreted by the international development community, political settlements frameworks and analysis are limited in different ways. For instance, if political settlements are essential in 'taming' politics (Higley and Burton, 1998), this does not mean that violence or violent conflict itself is not an ongoing feature of given political settlements and their evolution (see, for example, the contributions of Schultze-Kraft and Perera in this volume). This is a gap in much current thinking on political settlements within the international development community, which tends to conceive of stable and resilient political settlements as the end of violence. In different developing settings, however, violence can be a defining mechanism to build political order and stability. Violence may thus not simply be the reflection of political crisis, but may be a core characteristic of the very functioning and reproduction of a political order where informal institutions continue to trump formal ones.

Moreover, as critiques in this volume also reflect, the 'political settlements' concept is often charged with failing to address the complexity of the linkages between elite inclusion and broader social inclusion, and the different ways in which non-elite actors can exert pressures to alter political settlements. The difficult role of identity politics and political imagination/national narratives, in both

fuelling conflict and in helping to resolve it, is another factor that is often neglected. Neither does the political settlements framing used by international development actors take full consideration of the multiple levels involved in political settlements, from the local to the regional to the international, a point that comes across in many of the contributions in this volume. Policy-makers are however aware of these lacunae and the need for further work and reflection on these issues, and we hope that the different articles in this special volume can make a contribution to these ongoing debates.

The politics of settlement and unsettlement: insights from this special issue

Conceptual debates

In her contribution in Part I of this special issue, **Alina Rocha Menocal** seeks to unpack the concept of an ‘inclusive political settlement’ by reflecting on who is included and around what. While in the short to medium term, more inclusive political settlements *at the elite level* are crucial to lay the foundations for more peaceful political processes, over the long term, states and societies underpinned by *more open and more broadly inclusive institutions* are also more resilient and better at promoting sustained and shared prosperity. However, as Rocha Menocal suggests, there is a big gap between these two types of inclusion, and the key challenge of how to foster more broadly inclusive political systems remains. Analysing the factors that have mattered in facilitating such transformations across the developing world over the past several decades, the paper argues that politics and power – or underlying political settlements – are at the core of this. The growing recognition among donors of the need to shift from ‘best practice’ to ‘best’ or ‘good enough’ fit – most recently the World Bank in its latest *World Development Report* (2017) – is encouraging because it acknowledges that there is no single blueprint or model of change.

In an attempt to rethink the idea of ‘negotiating inclusion’ in peace processes, **Christine Bell and Jan Pospisil** engage with what they call the ‘formalised political unsettlement’. For them, this constellation, rather than ‘political settlement’ in any conventional meaning, is the most common result of international state- and peacebuilding interventions. International initiatives are rarely able to settle conflict and address the root causes of conflict. Rather, they tend to formalise unsettlement. Instead of bemoaning this kind of outcome, Bell and Pospisil argue the need to look for entry points for inclusion in the unsettled institutional state formation, and suggest that some of its mechanisms for extraordinary change on an optimistic reading offer new avenues for bargaining over inclusion. As they claim, it is exactly the conflict’s unsettlement that opens up the space necessary for this kind of contestation about power and the rules of the game: it prevents conflicting parties from achieving or imposing their default positions, and thereby keeps the political situation fluid and flexible in ways that have not just risks, but opportunities for marginalised constituencies seeking inclusion in any revised elite-pact.

Catherine O’Rourke takes issue with the lack of a gendered dimension in existing political settlements frameworks intended to inform international development policy and programming. O’Rourke outlines four broad challenges to advancing gender analysis through a political settlements approach: conceptual, epistemological, methodological, and political. Nevertheless, despite these limitations, through its avowed focus on politics and power, she suggests that a political settlements approach may usefully counter the tendency of global gender policy to essentialise the state as a single domain of activity, and to emphasise instead relationships across multiple constituencies within and outside the state in affecting change.

In his contribution, **Pablo Yanguas** argues that, while political settlements analysis tends to focus on the role of domestic elites in shaping institutional outcomes, many policy domains in developing

countries are in fact transnationalised. Developing a framework for reconciling transnational influences – material and ideational – with political settlements theory, Yanguas raises the question of ethics, particularly the temptations for development actors to align with powerful elites in terms of what they perceive as positive development outcomes. The paper argues that it is not only the power relations in the political settlements that need to be critically examined, but also the power relations within policy audiences. Since political settlements do have the potential to alter power relations, Yanguas argues, current discourse in the aid community cannot see political settlements as a purely analytical tool, but must come to terms with the responsibility that derives from engaging in the contentious politics of inclusive development.

Case studies

Part II of this special issue explores different political settlements empirically. It looks at how political settlements have evolved over time in different countries/regions, and how this has shaped prospects for greater inclusion and wellbeing, not only among elites but also across the population more broadly. All of these case studies palpably illustrate how complex and non-linear processes of institutional transformation are, rife with tensions, dilemmas and trade-offs (Rocha Menocal, this volume). Different case studies also offer important insights of their own, discussed below.

As we briefly mentioned earlier, an evolving question that some of these contributions address is the relationship between political settlements and violence, which may not be as straightforward as it has been suggested conceptually. Political settlements may indeed ‘tame’ politics in certain instances, but in others they rely on violence for their very functionality. This is what Judith Verweijen (2016) has called ‘stable instability’ – a phenomenon of the formalised political unsettlement.

This is the argument that Markus **Schultze-Kraft** makes in his article on Nigeria. Further problematizing the notion of ‘inclusive’ political settlements, Schultze-Kraft argues that the degree of ‘inclusiveness’ of a settlement is a function of violent conflict and organised criminality. Nigeria’s remarkably robust, stable, and highly exclusionary political settlement has been upheld and reproduced not *despite* but *because of* routine recourse to violence by powerful state and non-state actors vying for access to state resources, namely oil. Schultze-Kraft’s contribution also helps to crystallise the crucial role of regional and international (f)actors in the Delta region in influencing internal politics in Nigeria.

In her article on the Democratic Republic of Congo, **Suda Perera** similarly finds that violence has played an important role in establishing and sustaining relatively robust political settlements. As she puts it, violence and armed groups continue to be manipulated and instrumentalised as both a means and an ends through which political elites can obtain and sustain power. These examples suggest that the main question here may not be whether a settlement needs to eliminate violence to prove sustainable and resilient over time. It is rather a question of who actually calls the shots (in a manner of speaking) and how managed that violence is (i.e. is the violence free for all or is it more tightly controlled by those using violence more pragmatically to enforce settlement?).

Jennifer Hunt and Sarah Phillips, for their part, explore Oman’s remarkable developmental transformation over the past five decades and the different, and often contingent, factors that made it possible. Some of these factors, including, in particular, critical junctures that can open up opportunities for substantive and substantial transformation even if on their own they are not enough to do so, are well established in current international thinking on political settlements. Other factors, however, have been less explored. As the authors argue, a crucial anchoring of a stable and resilient political settlement in Oman has laid in the development of a unifying national narrative that intrinsically ties developmental success to Sultan Qaboos and his ability to deliver for the Omani people. This success has relied on a sophisticated game of inclusion and exclusion: while

developmental outcomes and the narrative around a shared sense of nation have been broadly inclusive, the political settlement itself remains highly exclusionary, revolving mainly around Qaboos. Another factor highlighted by Hunt and Phillips that has been overlooked in political settlements analysis in the international community is the role of a relatively well-educated and skilled group of mid-level bureaucrats that can take on core state functions and implement policy reforms.

National narratives underlying a given political settlement can work in terms of providing stability and resilience even if prospects for development remain stagnant. **Diana Cammack's** contribution on the formation and evolution of the political settlement in Malawi is a powerful illustration of this. While not resorting to violence, the strategy that the late Bingu wa Mutharika developed and that has continued since to 'tame' politics relies on an interplay of court cases, buy-offs, and corruption combined with a tactical use of development assistance. Challenging normative claims that such neo-patrimonial systems are bound to be short-lived and generate violent conflict, Malawi's political settlement has proven remarkably resilient and peaceful over time, however limited.

Negotiating inclusion: Concluding reflections

Based on the insights highlighted above, we would like to draw three concluding reflections from the different contributions included in this special issue:

(1) Political settlements are characterised by what we might call an 'inclusion paradox': exclusionary political settlements, in terms of both process (e.g. Oman) and outcomes (DRC, Nigeria), or (barely) 'inclusive enough' settlements (e.g. Malawi) can prove sustainable and resilient over time, whereas processes of inclusion, or challenges to exclusion, can take violent forms (examples DRC and Nigeria). The idea that inclusive political settlements *per se* are more resilient and peaceful is therefore potentially misleading. This insight does not negate the overwhelming empirical evidence that broadly inclusive political settlements are more successful in the long term. However, it does suggest that the pathways to get to inclusive institutions are likely to be rocky and unpredictable. The concept of inclusion needs further disaggregation and nuancing, while the relationship between inclusion, stability and resilience is complex and far from linear.

(2) Inclusive political settlements cannot be built overnight, and, certainly, peace processes are not on their own sufficient to radically alter underlying politics and power dynamics in a given setting. In most instances, seeking to craft a settlement to end violent conflict over a short timeframe has remained an elusive enterprise. Formalised political unsettlement is a more common outcome of the complex interplay between local, national and international actors. Political settlements are dynamic processes on multiple scales and layers, and they involve ongoing processes of mutation and evolution.

(3) Changes in the political settlement, are slow to come by, hard to maintain, and uncertain in their trajectory. Attempts at post-conflict settlements tend to result in formalised political unsettlement, and 'stable instability'. Avenues for engagement need to recognise and reckon with this as an enduring phenomenon and be pragmatic, and exploit opportunities to bargaining inclusion where they are available. Very often, it is likely that tensions and trade-offs between equally compelling objectives will emerge. Political settlement transformation will typically involve both the formal political and legal institutions of the state, and the informal and invisible ways in which power is held, exercised and transferred. This is why it is so essential for the international development community to move beyond idealised models of change and focus instead on what is feasible and realistic. The growing recognition of this among some leading development actors, including most recently the World Bank (2017), is encouraging.

However, a cautionary note is also in order. If the concept of political settlements becomes instrumentalised as the next ‘Holy Grail’ in development policy (Dressel et al, 2014: 6), there is a serious risk that it will hit a wall of misguided expectations. At their core institutional transformations involve fundamentally altering underlying political settlements, and so change is likely to be fraught, gradual and uneven, and it will also take time. The real value of a more political lens may not be visible in the short term. Unrealistic assumptions about what adopting a political settlements approach can do in terms of more effective programming can become a potential threat, in particular if the substance of political settlements becomes depoliticised so as to make it indistinguishable from more traditional and technical efforts to promote ‘good governance’ and institution building. The way that the European Union’s Global Strategy has recently used the notion of ‘inclusive political settlements’ (EUGS, 2016: 31), namely as a sub-component of a rather standard approach to liberal state- and peacebuilding, is illustrative of this slippery slope. Such an approach runs the risk of transforming the potentially game-changing substance of political settlements – the centrality of power and politics in negotiating and contesting inclusion – into simply ‘more of the same’, when the impetus behind the term is to do things very differently.

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